

Message Text

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PRS-01 SSO-00 NSCE-00 USIE-00 INRE-00 AID-05 CEA-01

CIAE-00 COME-00 EB-07 EA-07 FRB-03 INR-07 IO-11

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TO SECSTATE WASH DC IMMEDIATE 0501

C O N F I D E N T I A L SECTION 01 OF 02 OECD PARIS 03696

PASS EB FOR BOEKER, L FOR FELDMAN, TREASURY FOR LA/NGE,
JUSTICE FOR DAVIDOW, COMMERCE FOR ARRILL, CIEP FOR
GRANFIELD

E.O. 1652: GDS

TAGS: EINV, LFIN, OECD

SUBJECT: OECD INVESTMENT PACKAGE: PLANS FOR COORDINATION
IN OED HLAD OF DELEGATION PRIOR TO LIMA MEETING OF
UN TNE COMMISSION

REF: OECD PARIS 3095

1. SUMMARY. AT INFORMAL MEETING HEADS OF DEL OECD'S
BIG SEVEN MEMBERS WITH SEC GEN, UK (WITH GERMAN
SUPPORT) PUSHED IDEA OF OECD HEADS OF DEL DISCUSSION TO
IDENTIFY POINTS OF AGREEMENT ON OECD INVESTMENT PACKAGE,
PRIOR TO LIMA MEETING OF UN COMMISSION ON TRANS-
NATIONAL ENTERPRISES (TNE'S). PURPOSE WOULD BE TO NAIL
DOWN SUFFICIENT AGREEMENT AMONG OECD MEMBER GOVERNMENTS
TO ASSURE AT LEAST MINIMUM COMMON FRONT AND CO-
ORDINATION OF OECD MEMBERS IN LIMA.
AS RESULT, VAN LENNEP HAS INSTRUCTED SECRETARIAT
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(VOGELAAR) TO PREPARE PAPER FOR HEADS OF DEL REPORTING

ON STATUS OF NEGOTIATIONS ON OECD INVESTMENT PACKAGE
AND ISOLATING POINTS OF AGREEMENT
ACTION REQUESTED: GUIDANCE SOONEST ON WHETHER U.S.
FAVORS THIS APPROACH, WOULD WANT TO CALL IT OFF,
-OR MAKE ALTERNATIVE SUGGESTION ON OECD CAUCUS PRIOR TO
LIMA MEETING, PERHAPS ALONG LINES MISSION SUGGESTION
IN PARAGRAPH 4 BELOW.

2. AT INFORMAL LUNCH OF OECD BIG SEVEN PERMREPS AND
SECGEN VAN LENNEP FEBRUARY 5, UK PERMREP (GALLAGHER)
TOOK STRONG INITIATIVE TO SUGGEST HEADS OF DEL
DISCUSSION AMONG OECD 24 MEMBERS TO NAIL DOWN POINTS
OF AGREEMENT ON MNE GUIDELINES AND OTHER PARTS OF
INVESTMENT PACKAGE BEING NEGOTIATED IN INVESTMENT
COMMITTEE PRIOR TO LIMA MEETING OF UN COMMISSION ON
TNE'S.

3. GALLAGHER SAID HE WAS CONCERNED THAT IN ABSENCE
SUCH DISCUSSION (WHICH HE ENVISIONS AS TAKING PLACE
IN CONTEXT OF CONSIDERED GUIDANCE FROM CAPITALS)
THERE WAS DANGER THAT OECD COUNTRY REPRESENTATIVES AT
LIMA WOULD NOT BE WORKING ON THE BASIS OF AT LEAST
-MINIMUM OF CONSENSUS ON IMPORTANT POINTS AND WOULD NOT
COORDINATE WELL. FURTHERMORE GALLAGHER THOUGHT THAT
SINCE LIMA MEETING WOULD TAKE PLACE BEFORE INVESTMENT
PACKAGE WOULD BE COMPLETED IN OECD, PRIOR
IDENTIFICATION IN HEADS OF DEL OF WHAT OECD COUNTRIES
AGREE ON WOULD HELP AVOID POSSIBILITY OF BACKTRACKING
ON ELEMENTS OF OECD INVESTMENT PACKAGE BY SMALLER
COUNTRIES (READ SCANDINAVIA AND DUTCH WHO MIGHT BE TEMPTED
TO GO FAIRLY FAR IN LIMA IN MEETING KINDS OF DEMANDS
BEING MADE BY LDC'S. U.K. REP THOUGHT THAT AT LEAST
THE MAJOR OECD COUNTRIES SHOULD GO TO LIMA WITH A
WIDE UNDERSTANDING OF COMMON POSITIONS THEY WOULD DEFEND.

3. U.K. SUGGESTION WAS SUPPORTED BY GERMAN PERMREP
(EMMEL). AMBASSADOR TURNER NOTED THAT A RISK INHERENT
IN HEADS OF DEL DISCUSSION WAS THAT SINCE THERE WAS
A CERTAIN AMOUNT OF TRADE-OFF IN NEGOTIATING
CONTENTIOUS POINTS AND SINCE ATTITUDES OF COUNTRIES
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ON ENTIRE INVESTMENT PACKAGE WAS AT LEAST PARTLY
DEPENDENT ON HOW CONTENTIOUS POINTS WOULD BE RESOLVED,
SEEKING TO ISOLATE POINTS OF CONSENSUS
PREMATURELY COULD RESULT IN AREA OF RECORDED AGREEMENT
WHICH WOULD BE SUBSTANTIALLY SMALLER THAN COUNTRIES,
IN THE END, WOULD BE WILLING TO ACCEPT IN PACKAGE AS
A WHOLE. WHILE NO DEFINITE DECISIONS WERE MADE,
VAN LENNEP SAID HE WOULD INSTRUCT SECRETARIAT

(VOGELAAR) TO PREPARE PAPER FOR HEADS OF DEL WHICH
WOULD REPORT ON CURRENT STATUS OF NEGOTIATIONS IN-
INVESTMENT COMMITTEE AND IDENTIFY POINTS OF AGREEMENT
(VAN LENNEP ALSO REPORTED
THAT VOGELAAR HAD BEEN INVITED TO COME TO LIMA AND
EXPLAIN STATUS OF INVESTMENT EXERCISE IN OECD. HOWEVER,
VAN LENNEP HAD NOT AS YET AUTHORIZED VOGELAAR TO

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GO SINCE HE WANTED TO CONSIDER CAREFULLY WHETHER
REPORT IN LIMA ON OECD ACTIVITIES WOULD BE PRODUCTIVE
OR THE REVERSE.)

COMMENT: AS MENTIONED BY AMBASSADOR, WE SEE POSSIBLE.
RISKS TO OECD INVESTMENT EXERCISE IN PREMATURE
DISCUSSION IN HEADS OF DEL, ESPECIALLY ON BASIS OF
PAPER WRITTEN BY SECRETARIAT. ON OTHER HAND, WE SEE
OBVIOUS VALUE IN COORDINATION THAT WILL ASSURE
MAXIMUM COMMON POSITION OF OECD MEMBERS IN LIMA.
ONE POSSIBLE ALTERNATIVE THAT OCCURS TO US WOULD BE

TO SCHEDULE PRE-LIMA CAUCUS IN OECD HEADS OF DEL
ON ISSUES WHICH EXPECTED TO COME UP IN LIMA. SUCH
DISCUSSION COULD FOLLOW PATTERN, ALTHOUGH AT A HIGHER

LEVEL (AND PERHAPS INCLUDING LIMA REPS FROM CAPITALS),
OF PREVIOUS EXCHANGES OF VIEWS IN OECD ON USUN
AND UNCTAD MATTERS. (IT WILL BE RECALLED FOR EX-
AMPLE THAT AD HOC INVESTMENT EXPERTS OF XCSS HAD
USEFUL DISCUSSION IN SUMMER OF 1972 ON UN REPORT ON
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MNE'S AND ITS RECOMMENDATIONS PRIOR TO ITS BEING
TAKEN UP IN UN ECOSOC.) THIS TYPE OF CAUCUS COULD
AVOID INTERFERENCE WITH NEGOTIATIONS GOING ON IN
INVESTMENT
COMMITTEE AND AT SAME TIME INCLUDING MORE SPECIFICALLY
LDC-RELATED ISSUES, WHICH WILL COME UP IN LIMA BUT
WHICH GO BEYOND OECD INVESTMENT PACKAGE. INASMUCH AS
PLANNING HAS BEEN SET IN MOTION WHICH COULD WELL LEAD
TO IMPLEMENTATION OF SCENARIO SUGGESTED BY U.K.,
MISSION WILL NEED GUIDANCE SOONEST AS REQUESTED BY
ABOVE.
TURNER

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